

**ADMINISTRATIVE RULES
FISCAL ESTIMATE
AND ECONOMIC IMPACT ANALYSIS
HEARING DRAFT**

Type of Estimate and Analysis

☒ Original ☐ Updated ☐ Corrected

Administrative Rule Chapter, Title and Number

Ch. ATCP 52, Producer Led Watershed Protection Grant Program

Subject

Producer Led Watershed Protection Grants

Fund Sources Affected

☐ GPR ☐ FED ☐ PRO ☐ PRS ☒ SEG SEG-S

Chapter 20 , Stats. Appropriations Affected

20.115 (7) (qf), Stats.

Fiscal Effect of Implementing the Rule

☐ No Fiscal Effect
☒ Indeterminate

☐ Increase Existing Revenues
☐ Decrease Existing Revenues

☒ Increase Costs
☒ Could Absorb Within Agency's Budget
☐ Decrease Costs

The Rule Will Impact the Following (Check All That Apply)

☐ State's Economy

☐ Local Government Units

☒ Specific Businesses/Sectors

☐ Public Utility Rate Payers

Would Implementation and Compliance Costs Be Greater Than \$20 million?

☐ Yes ☒ No

Policy Problem Addressed by the Rule

This rule implements the producer-led watershed protection grants program created under s. 93.07 (1) and 93.59 Stats., by 2015 Wisconsin Act 55 ("Budget Act"). Under s. 93.59 Stats., the Department of Agriculture, Trade and Consumer Protection ("Department") is authorized to make grants for nonpoint source pollution abatement activities that improve water quality which are "conducted with the assistance of producer-led groups."

The producer-led watershed protection grants program is designed to encourage producers to develop and utilize innovative approaches and/or conservation practices that reduce nonpoint source pollution within their watershed(s). The program will also work to increase farmer-to-farmer communication and education regarding environmentally and economically effective conservation practices. The rule does all of the following:

- Defines "legal entity" for the purposes of the grant program.
- Specifies the application process for a grant.
- Specifies activities that may be conducted using a grant.

Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

The producer-led watershed protection grants program is voluntary and thus imposes no cost on businesses. By providing grant funding to producer-led groups, the producer-led watershed protection grants program will benefit all types of farming operations, other businesses, and

communities that participate in production, distribution, or marketing of agricultural products.

This rule will have a fiscal impact on Department operations. Under this rule, the Department must issue at least one request for grant proposals in each state fiscal biennium. Department staff must review grant applications, recommend grant awards, administer grants, and ensure compliance with applicable requirements. Department staff will also provide technical assistance to grant and loan applicants and recipients, as appropriate.

Program administration will occupy at least .5 FTE staff in the Department's Division of Agricultural Resource Management (this does not include legal, managerial, Department central accounting, or other indirect staff support). The cost for the .5 FTE staff will be \$70,000 per year, including salary, fringe benefits, and support costs (there will be a smaller proportionate cost for the remainder of the current fiscal year).

Local Governments

This rule will impact local governments that voluntarily participate and collaborate in the grant program. Funding from this program can be used to cover these costs.

Utility Rate Payers

The rule will have no impact on utility rate payers.

General Public

This rule will have a positive effect on the agricultural sector of the economy and therefore on the state economy and in that way will produce positive results for the general public.

Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

Benefits

By providing grant funding to agricultural producers, this rule will benefit agricultural producers, other agricultural businesses and communities that participate in the grant program. Grant recipients will benefit directly, while others will benefit indirectly from the creation of a stronger agricultural industry and improved soil and water quality. The Department plans to use proposal procedures that will make the cost of applying insignificant.

General Public

The general public will benefit from this rule because the state will have a stronger agricultural industry.

Alternatives

The legislation that created the producer-led watershed protection grants program does not include criteria for grant determination. To carry out legislative intent the only alternative is for the Department to create those criteria by administrative rule.

If the Department does not adopt the rule, funding would not be available to support the strong interest in this voluntary approach to improve water quality. If water quality does not improve, new or more

stringent regulations may need to be put in place by the state or federal government.
Long Range Implications of Implementing the Rule
Long-term, implementing the rule will benefit agricultural producers, the agricultural industry, the general public, and the environment.
Compare With Approaches Being Used by Federal Government
There are currently no similar approaches being used by the federal government.
Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)
The Iowa Department of Agriculture funds the Hewitt Creek Watershed Group, which is a producer-led, performance-based farm and watershed management group in eastern Iowa that was formed to improve soil and water quality. The group was established in 2004 in response to the 2002 impaired waters listing of the Hickory Creek, located in the Hewitt-Hickory Creek Watershed. Funding for this project began with an Iowa Farm Bureau Federation grant and additional funding from the Iowa Department of Agriculture has helped to sustain the project.
Public comments including comments in Response to Web Posting
<u>Comments Received in Response to Web Posting and Department Response</u>
No comments were received in response either to the posting on the Department external website or the statewide administrative rules website.
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